

## **Historic, archived document**

Do not assume content reflects current scientific knowledge, policies, or practices.



★ MAR 16 1931

U. S. Department of Agriculture

RELEASE: On Receipt

1.9  
In 3A  
THE AGRICULTURAL SITUATION REVIEW - March.

NOT FOR PUBLICATION

OPENING ANNOUNCEMENT: The year rushes along to time for sowing crops, and the farmer has to keep a weather eye out---not only for climatic conditions, but for clouds or clear weather on the business horizon. From the United States Department of Agriculture's monthly report on "The Agricultural Situation" we take the outstanding facts and send to you as an aid in keeping track of the ebb and flow of economic forces affecting agriculture.

--ooOoo--

Turning to the first page of the monthly report on the farm business situation, we are greeted with the headline, "AN EARLY SEASON -- MANY UNCERTAINTIES. " Let's read further, first about the weather and its effect on farm work. We are quoting:

"It has been a mild, open winter, for the most part and field work is getting underway early. The small amount of rain or snow, however, is disquieting to some eastern and central areas where last summer's drought was so serious. Unless heavy spring rains materialize, it may mean trouble again this summer.

"The subject of drought is a reminder of the distressing conditions under which many farmers enter this new crop season. Nor are matters helped much by the present state of the markets. Prices of farm products, in general, are below the 1910-1914 level, and some products which represent the very backbone of our agriculture go almost begging for buyers." (end of the quotation)

Now, we go into the business conditions side of the agricultural situation. We read on:

"At its very beginning, the season is overshadowed by three background factors which are bound to exert important influence in the situation.

"The first is the large stocks of wheat and cotton now in existence. These are our two great money crops and on their outcome turns the fortune of a large group of our farm population. It is apparent that the growers of wheat are up against a combination of circumstances such as has not been known before for many years." (end of quotation)

Now suppose we leave the general summary of the agricultural situation right here and take a look at some of the inside pages where the situation confronting wheat growers is discussed more fully. Here we are: two articles. One headed "The Unpromising Wheat Market Situation," the other, "Wheat Conditions for 1931."

The economists conclude that (I am quoting) "The extreme weakness now





prevailing in world wheat prices is largely the result of three things: (One) the unusually active competition among wheat exporting areas to dispose of this season's relatively large surplus; (two) the maintenance of restrictive legislative barriers in important consuming countries; (three) the general depression in business and in all commodity prices." (end of the quotation)

Let's see if we can boil down into very general terms indeed the statistical evidence presented of the existence of the large wheat surplus. Last year, so we are told, Europe and North Africa raised less wheat than in 1929. But their deficit just about balanced increased wheat harvests in the Southern Hemisphere -- which means Argentina and Australia. So that left the bigger harvests in North America -- both Canada and the United States -- in Russia, and in India as increases in the world's total supply. And remember that the increases last year had to be added to the big carryover of wheat from the 1929 crops. As a result of the bigger supply of wheat more has been shipped to market this year than last, but it has gone mainly from Russia, Canada, and Australia. Even so, Canada had much more wheat on hand the first of January than a year ago. And so, of course, did we. Australia and Argentina also had more on hand. So did Russia and India. But Europe, North Africa, and China had less on hand. They will have to buy more in the last half of the crop year than up to now. However the net at next August 1, probably will be once more increased wheat stocks in most of the exporting countries of the world.

Now about the condition of our own wheat crop for 1931. Our crop estimating specialists report that three of four factors appear just now to point to less than average yields. One factor pointing to average or better yields is that in the western winter wheat belt fall and winter rainfall was generally above average. The three pointing to less than average yields are that winter wheat east of the Mississippi has had far less than normal rainfall; that the Pacific Northwest was short of rainfall in the late autumn; and that this has been an open winter in most of the winter wheat territory (open winters have in the past quite often resulted in heavy abandonment of the crop in the more Northern States).

While we're talking about commodity conditions and supplies let's have just a glance at the fruits and vegetables, and the dairy and poultry products markets. The volume of fresh fruits and vegetables moving into our markets in February was a commentary on the American plan of getting what you want, no matter what the difficulty. Eager to serve the desires of consumers in the north for fresh vegetables all winter long, producers in the southerly sections have made the supplies so plentiful that prices were declining in February. Prices of nearly all fruits and vegetables, whether fresh or of the 1930 crop, were tending downward. Cabbage markets were particularly weak. Celery was meeting a strong demand at good prices. Prospects were for very liberal supplies of Spring vegetables, since early plantings have been increased in many districts. But the total strawberry crop will be greatly reduced from that of last year. Cold-storage holdings of apples were still heavy in February and citrus fruit shipments were very active and prices were low.

As to poultry and eggs: the open winter weather we have already noted has brought a flood of eggs to the market. So many that there were more than the people of the United States usually eat at this season. The result was, of course, low prices. The only encouraging thing about the situation was that the low prices brought more egg eaters into the market. The result was that toward the end of February prices began to firm a bit. This firming was encouraged,





too, by dealers who began to buy eggs for storage and for breaking plants. Also by the fact that many more old hens are going to market for meat than is usual at this time of year, and that hatcheries are not operating anywhere near capacity. Almost a half less baby chicks were contracted on February 1 this year than were contracted on the same date last year. All these items point in the direction of some egg market improvement later.

February dairy markets continued under the influence of heavy winter production with consequent low prices. However, the low prices seemed to bring some increase in consumption. The report on the dairy markets sums up the situation thus: "A situation prevails wherein producers and consumers alike have been hard hit by conditions prevailing during recent months and both are endeavoring to make the best of it -- the producer by continuing to milk his cows even though returns are reduced, and the consumer, by taking advantage of the opportunity, in so far as his curtailed income permits, to use more dairy products while prices are low."

Well, we have wandered far afield from our summary of general conditions prevailing at the beginning of the 1931 season. We had just enumerated the first of the three background factors prevailing, namely, that large stocks of wheat and cotton are now in existence. Let's go on with the story: (I quote)

"The second factor is the industrial depression. Any substantial increase in consumption of cotton as well as many other farm products, is quite largely dependent upon the resumption of industrial activity. Well informed observers are now very conservative in their forecasts of the business situation, although general opinion seems to favor some improvement by the latter part of this year.

"The third factor is the general world-wide decline in prices of all commodities. This phenomenon underlies the whole situation. It has been going on, with occasional pauses, for 11 years, and seems to be still going on. It is a new experience to this generation to have to plan its affairs against a background of long-time price declines. Agriculture suffers perhaps worst of all in such a period. Meanwhile producers are working as best they can along the essential line, which is that in this period the costs of production must be cut to the bone and that great caution must be exercised in making long-time commitments.

"Evidence that farmers are not alone in feeling the pinch of depression is contained in the figures, recently compiled, on movement of population last year. More people moved from cities to farms. Fewer people left the farms. The net movement away from farms during 1930 was only 151,000 persons, by far the smallest since 1922." ( end of quotation).

--ooOoo--

CLOSING ANNOUNCEMENT: So we conclude our monthly review of agricultural economic conditions as we enter a new month. This Agricultural Situation Review is prepared by the United States Department of Agriculture for Station \_\_\_\_\_.

--ooOoo--

